

Message Text

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PAGE 01 LA PAZ 02434 252048 Z

70

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 IGA-02

L-03 RSR-01 /132 W

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R 252014 Z APR 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9703

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EO 11652: N/ A

TAGS: EAID, ECON, EFIN, BL

SUBJ: REVENUE PERFORMANCE FOLLOWING DEVALUATION

REFS: (A) LA PAZ 1944; (B) STATE 069387

1. AS REPORTED REF A, DEPUTY DIRECTOR USAID, ECONOFF, USAID/ PAD CHIEF AND IRS TEAM CHIEF CALLED ON MINFIN TO WIN HIS COMMITMENT TO AN EFFECTIVE TAX ADMINISTRATION PROGRAM. MINISTER GAVE HIS WHOLEHEARTED SUPPORT TO PROGRAM EXCEPT FOR ELIMINATION TAX AMNESTY. (MINISTER' S POSITION APPEARS TO BE STRONGER THAN EVER AS HE WAS RECONFIRMED DURING RECENT CABINET CRISIS). SUBSEQUENT WEEKLY MEETINGS WITH SUBSEC FINANCE HAVE SHOWN MINISTRY MAKING GOOD

PROGRESS. WE UNDERSTAND TAX REFORM PROPOSALS RUNNING INTO SOME RESISTANCE ALREADY, BUT BELIEVE INTERNAL TAX MEASURES WILL BE PRESENTED TO CONEPLAN ESSENTIALLY SAME STATE AS PRESENTED TO MINFIN TWO MONTHS AGO. EXTERNAL TAX REFORM MEASURES, HOWEVER, MAY NOT BE PRESENTED TO CONEPLAN BY APRIL 27 DUE DATE.

2. ALSO AS REPORTED REFTL, AMBASSADOR DISCUSSED WITH PRESIDENT BANZER NOT ONLY OUR GREAT INTEREST IN SUCCESSFUL TAX ADMINISTRATION PROGRAM, BUT IN FISCAL PERFORMANCE IN GENERAL.

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PAGE 02 LA PAZ 02434 252048 Z

3. WE BELIEVE IT UNTIMELY TAKE FURTHER ACTION HERE AT LEAST UNTIL WE SEE NATURE TAX REFORM AND ADMINISTRATION PROGRAMS, AND UNTIL TIN CONSULTATIONS NEAR DESIRED RESULT. WOULD ALSO PREFER COMPLETE OUR ASSESMENT ECONOMIC SITUATION AND FISCAL PERFORMANCE PROMISED DURING AID REVIEW FOR EARLY MAY BEFORE COMMENTING ON IMF JUDGEMENTS, CONTAINED PARAS 1 AND 2 REF B, AND BEFORE AGAIN APPROACHING PRESIDENT OR MINFIN ON FISCAL PERFORMANCE MATTERS.

4. WE BELIEVE IDB WELL AWARE GOB' S CURRENT FISCAL PROBLEMS ON BASIS OUR CONVERSATIONS WITH COSTANZO AND SUBSEQUENT MISSION. WE UNDERSTAND THAT THEY ALREADY HAVE RAISED ISSUE WITH GOB. IBRD ALSO PROBABLY AWARE SITUATION. SUGGEST USG REPS UNDERTAKE NO MORE THAN PRELIMINARY CONSULTATIONS ON NATURE AND MAGNITUDE FISCAL PROBLEM WITH IBRD AND IDB FOR PRESENT, RESERVING FOR FUTURE MEETING DISCUSSION POSSIBLE COORDINATION ACTIONS TO ENCOURAGE BETTER GOB PERFORMANCE.
SIRACUSA

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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